

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
STATEMENT OF
ADMIRAL JAMES M. LOY
ON THE FISCAL YEAR 2000 BUDGET AUTHORIZATION
BEFORE THE
SUBCOMMITTEE ON OCEANS AND FISHERIES
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE
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Good afternoon, Madam Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's fiscal year 2000 budget request and its impact on the services we provide the American public on a daily basis. Before I begin, I would like to ask for your support of the Administration's proposed Coast Guard Authorization Act of 1999. This bill will implement the President's fiscal year 2000 and 2001 budgets for the Coast Guard, improve Coast Guard personnel management, improve financial and property management, and enhance marine safety and environmental protection.

The Coast Guard can best be characterized by what I like to refer to as the "three Ms": multimission, maritime, and military. As a multimission service, the Coast Guard is one of the best bargains in the Federal government: every tax dollar invested in the Coast Guard is returned many times over through the wide range of services we provide that benefit every American, every hour of every day. We have long enjoyed an international reputation as both the world's foremost lifesaving agency and coast guard; no other U.S. government agency or private organization, has the expertise, assets, and 24-hour-a-day readiness to conduct search and rescue missions in all areas of the maritime region. As one of the five Armed Services, we have consistently demonstrated our value as a unique instrument of national security in a world of ever-changing threats.

We also take pride in being one of the best-run agencies in the Federal government, having been recognized as a leader in the implementation of both the Government Performance and Results Act (GPRA) and the National Performance Review. We have been proactive in addressing the Year 2000 (Y2K) computer bug and its effect on our people and missions, and have spearheaded international outreach efforts aimed at maritime safety.

As outlined in our performance plan accompanying the President's fiscal year (FY) 2000 budget request, our productivity is keyed to strategic goals and outcomes. Our strategic goals of Safety, Protection of Natural Resources, Mobility, Maritime Security, and National Defense will always

remain American priorities.

Madam Chairman, there are three principal themes underpinning the President's FY 2000 budget request; I hope to leave you with a clear understanding of them as a result of today's hearing. First, the President's FY 2000 budget request will permit continuation of the basic services currently enjoyed by the American people. Second, it addresses the Coast Guard's readiness needs. It provides funding for the pay and personnel initiatives of the President needed to recruit and retain a stronger work force. And third, it provides funding both to operate the capital assets provided in the various FY 1999 supplemental appropriations acts and expand our interdiction activities, advancing our already successful interdiction efforts.

The significance of the first theme is self-evident: we need full funding to maintain our outstanding mission performance. The other two themes, however, require some discussion.

Readiness

One of my major concerns right now as Commandant is readiness, which has two components: people and modernization. Coast Guard readiness includes not only our preparedness to fill our role as one of the Armed Services, but also our ability to provide on a daily basis the myriad of services the American public has come to expect from us.

People

After several years of streamlining, the Coast Guard is at its smallest size since 1967, while at the same time having its greatest number of missions ever. Our number one priority in the coming year is to fill critical gaps in our work force; to do so, we must recruit aggressively the high-quality young people we need while at the same time not increasing the sacrifices inherent with military service faced by our current personnel.

In support of our recruiting and retention efforts, the President's FY 2000 budget request provides over \$4 million in direct support of Coast Guard recruiting, as well as an additional \$6 million for work force readiness tools, which include incentives that our recruiters can use to attract high-quality recruits. The President's budget request also includes: a 4.4 percent pay raise, plus \$5 million for a targeted special pay increase; more than \$5 million to begin the

transition to a more equitable Basic Allowance for Housing (BAH); over \$13.5 million to address escalating health care costs, including a provision for the Department of Defense to provide \$18 million in health care services to the Coast Guard; and more than \$4 million for quality of life initiatives such as childcare subsidies and education programs, both of which are Presidential priorities. We will monitor the effects such reforms have on recruiting and retention to ensure their adequacy.

Modernization

One of the most pervasive problems facing the Coast Guard today is older technology, including sensors, ships, and aircraft; the mounting operations and maintenance costs and intensive personnel requirements of this technology threaten our ability to maintain current mission performance. The Coast Guard's deepwater fleet of cutters and aircraft (deepwater being defined as 50 or more miles off shore) is one of the oldest in the world. Our strategy to overcome this obstacle is to invest to save: smart capital investment is necessary to maintain capability and is essential if we are to leverage technology to reduce future operating costs. Such an invest to save strategy does not work without adequate investment; full funding of the President's FY 2000 request for Acquisition, Construction, and Improvements (AC&I) is critical to our recapitalization effort.

The Integrated Deepwater System (IDS) acquisition project is the centerpiece of that recapitalization effort. It is not your standard government acquisition project. Instead of a piece-meal, traditional approach that considers one-for-one replacement of assets by asset class, IDS encompasses an entire mission area. This analysis centers on the combination of vessel, air, and Command, Control, Communications, Computers, Intelligence, Sensors, and Reconnaissance (C4ISR) assets and their potential synergies that will operate in the deepwater environment. Instead of making penny-wise and pound-foolish design decisions based only on purchase price, IDS decisions will be based on the total ownership costs: acquisition, maintenance, operating, crewing, training, and eventual disposal.

Instead of making our decisions without regard to the United States' existing maritime capabilities, we are pursuing IDS within the parameters of the National Fleet concept which the Chief of Naval Operations, Admiral Johnson, and I are pursuing jointly. Under this concept, both services will maintain their distinctive heritage, capabilities, and identities; but we will make sure that our strengths are complementary. The Navy will maintain its highly capable surface combatants designed for the full spectrum of naval operations from peacetime engagement to major theater war. The Coast Guard will provide relatively smaller maritime security cutters,

designed for peacetime and crisis-response Coast Guard missions, but capable of meeting the requirement for general-purpose, shallow-draft warships. We don't need the Deepwater capability to try to become the second best navy in the world; we need it to remain the single-best coast guard in the world.

A second major modernization initiative included in the President's budget request will improve the ability of mariners in distress to notify the Coast Guard, a critical factor in saving more lives. Without an effective means to communicate with mariners in distress, we cannot help them, despite our most noble intentions. We must be able to learn of the nature and location of the distress, and then respond accordingly. Our National Distress System, the coastal maritime distress communications system, is in dire need of modernization. Much of the equipment is obsolete. We respond to more than 50,000 search and rescue cases every year, saving the lives of approximately 5,000 mariners in imminent danger, and providing some form of emergency assistance to nearly 100,000 mariners. Communications technology is readily available that would give us the capability to save additional lives. We must make every effort to obtain and use these modern capabilities.

The National Distress System Modernization Project will provide for the system-wide modernization of communications and recording equipment and the specific capability to locate vessels in distress by shore-based radio direction finding. Full funding for this project will help us enhance our search and rescue readiness to keep America's commercial and recreational mariners safe, increasing our ability to save lives, such as those that were tragically lost aboard the sailing vessel MORNING DEW off South Carolina and the clammer ADRIATIC off New Jersey.

Drug Interdiction Activities

In addition to everything else I mentioned above about readiness, it is also the foundation upon which the President's FY 2000 budget builds in allowing both operation of counterdrug assets funded by FY 1999 appropriations and new interdiction activities.

Every American is adversely affected by illegal drug use. Over 20,000 Americans die every year because of illegal drugs, and the annual social cost is estimated at \$110 billion. A balanced approach is required to combat the threat of drugs: effective interdiction reduces supply, in turn supporting demand reduction efforts. The Administration believes that illegal drugs are a threat to national security and that there is a need for increased counterdrug activities and readiness;

this budget provides expanded efforts in this important area.

The Coast Guard is a proven performer in the interdiction arena, and STEEL WEB, our highly successful, comprehensive, multiyear interdiction strategy is battle-tested. During fiscal year 1998, the Coast Guard seized 75 vessels transporting 82,623 pounds of cocaine and 31,365 pounds of marijuana, and arrested 297 suspects. The President's FY 2000 budget includes funding to operate critical end game assets such as deployable pursuit boats, additional coastal patrol boats, and interdiction support vessels. In addition, the budget will fund operation of reactivated maritime patrol aircraft and provide for the operation of improved sensors on cutters and aircraft. These items will help us to locate, track, and intercept suspected smugglers.

The recent seizure of a 580-foot bulk carrier by the Coast Guard on the high seas is indicative of the value of coordinated and effective maritime interdiction operations. The interdiction and seizure of the Panamanian registered M/V CANNES by the Coast Guard in January resulted in the seizure of an estimated 9,500 pounds of cocaine. The vessel was first spotted by a Coast Guard maritime patrol aircraft operating as part of a Joint Interagency Task Force East coordinated counterdrug effort. A Navy patrol boat with an embarked Coast Guard law enforcement detachment (LEDET) intercepted and initially boarded the vessel approximately 125 miles southwest of Jamaica. Coast Guard cutters subsequently relieved the patrol boat and boarding teams located contraband hidden beneath the vessel's bulk cargo. The drugs were seized, the crew arrested, and the vessel seized on behalf of the Panamanian government.

Full funding of the President's FY 2000 budget request will ensure the Coast Guard remains ready to prevent illegal drugs from threatening our national security.

Conclusion

In closing, Madam Chairman, I would like to thank you and the other members of this distinguished subcommittee for the opportunity to discuss the President's FY 2000 budget request for the Coast Guard, and I once again ask for your continued support as you work with the House to ensure passage of the Coast Guard Authorization Act of 1999. I look forward to working with you over the course of the next several months to ensure America's Coast Guard remains *Semper Paratus*.

I will be happy to answer any questions you may have.